

VZCZCXRO5743
PP RUEHAST RUEHHM RUEHLN RUEHMA RUEHPB RUEHPOD RUEHTM
DE RUEHMO #2503 2341321
ZNR UUUUU ZZH
P 211321Z AUG 08
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 9621
INFO RUEHYG/AMCONSUL YEKATERINBURG 3282
RUEHVK/AMCONSUL VLADIVOSTOK 2920
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
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UNCLAS MOSCOW 002503

SENSITIVE
SIPDIS

DEPARTMENT FOR OES/IHA
USAID FOR GH, E&E
HHS FOR OGHA

E.O. 12958: N/A

TAGS: [TBIO](#) [SOCI](#) [SCUL](#) [RS](#)

SUBJECT: PRIVATE HEALTHCARE IN RUSSIA STILL IN ITS INFANCY

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11. (SBU) Summary: Fears of the demise of Russia's system of state-sponsored health care are premature. The country has an enormous potential market for private health care, but the sector is still growing. Private care is primarily available in outpatient fields such as cardiology, dentistry and orthodontics, urology, obstetrics/gynecology, plastic surgery, and drug dependency treatment for those few who can afford its higher costs. Quality varies widely by the type of care and from one facility to another. The legal framework necessary to support a broad network of private medical institutions with a system of private, or even government, insurance is still lacking. End Summary.

12. (U) In recent years, Russian media has criticized the state of Russia's health care system. Although the constitution provides for free health care at state expense, patients commonly pay for many supplies, even in state hospitals, including needles, bandages, and medicines. The rise of an alternative system of private health services has aroused fears in some corners that these enterprises may someday replace state-sponsored health care entirely. President Medvedev, speaking to World War II veterans on August 18, attempted to dispel that thinking: "Fears that medicine will be handed over to business are groundless. That will not happen. If private businesses want to invest in health care, they can set up their own private clinics. But the state system of medical support will continue to exist as it has existed."

13. (SBU) Several highly regarded private health clinics operate, but mostly in large cities such as Moscow and St. Petersburg. The best known in Moscow are the European and American Health Centers, as well as the Center for Endoscopic Surgery and Kidney Stone Treatment, one of the oldest specialty private clinics, which opened in the early 1990s. Many Russian patients consider the quality of care to be higher in private facilities. However, a number of doctors told us that although facilities and equipment are often better at private health care centers, inpatient care is equal to or better in state centers. Public institutions performing cardiosurgery and cancer treatment were singled out as superior to private counterparts. Doctors consider Russia's inadequate medical education system to be a common barrier for all healthcare providers, public and private.

14. (SBU) Russian health professionals see a variety of impediments to the development of widespread private health care. According to one contact, the main obstacle is a lack of government regulation. Legislation has compelled the state healthcare oversight agency Roszdravnadzor to delegate its regulatory role in quality control to regional authorities over recent years, and regulatory resources are not yet sufficient in the regions to ensure adequate enforcement. Another contact from the Society for Evidence-Based Medicine more optimistically noted that if the constitution were implemented

properly, private health care would develop over time as both government and private clinics attain equal access to insurance funds. With a lack of legal enforcement, however, such development appears to be unlikely in the near future. Another contact suggested that high property values in the big cities will eventually compel the government to sell off most of its state clinics to insurance companies to make way for private centers.

15. (SBU) Comment: Our limited survey of health practitioners and NGOs in Moscow suggests that private health care is available for those few who can afford it. However, quality of care varies widely by specialty. For the broader population, a system of private health care facilities with an integrated and functioning insurance network is a long way off. Though some speculate that the government will be tempted to sell off state clinics in large cities to insurance companies as real estate prices soar, it is not clear if the legal framework for this exists.

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